

**DEPARTMENT OF THE INTERIOR****Bureau of Land Management****43 CFR Part 3140**

[Circular No. 2520]

**Combined Hydrocarbon Leasing;  
Procedures for the Leasing of  
Combined Hydrocarbon Resources****AGENCY:** Bureau of Land Management,  
Interior.**ACTION:** Final rulemaking.**SUMMARY:** This final rulemaking provides the procedure to be used by the Secretary of the Interior in implementing a competitive leasing program in Special Tar Sand Areas as required by the Combined Hydrocarbon Leasing Act of 1981.**EFFECTIVE DATE:** March 21, 1983.**ADDRESS:** Any inquiries or suggestions should be sent to: Director (540), Bureau of Land Management, 1800 C Street, N.W., Washington, D.C. 20240.**FOR FURTHER INFORMATION CONTACT:**

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**SUPPLEMENTARY INFORMATION:** The proposed rulemaking providing procedures for the Leasing of Combined Hydrocarbon Resources was published in the *Federal Register* on June 14, 1982 (47 FR 25720), with a 45-day comment period. In addition, a public information meeting was held on the proposed rulemaking in Salt Lake City, Utah, on June 15, 1982.

During the comment period, ten written comments were received on the proposed rulemaking, seven from industry sources and three from Federal agencies. These written comments and the oral comments received at the information meeting were given careful consideration.

In general, the comments were favorable to the proposed rulemaking and its purpose. The comments expressed satisfaction at the speed with which the Department of the Interior was implementing the provisions of the Combined Hydrocarbon Leasing Act of 1981 (95 Stat. 1070). The comments on specific points will be discussed in the section they cover. Only those sections that were the subject of comments will be discussed.

*Section 3141.0-5 Definitions*

The term "Special Tar Sand Area" contained in paragraph (b) has been

amended by the final rulemaking to clarify that the orders designating the Special Tar Sand Areas were orders of the Department of the Interior, rather than Secretarial orders. This is a technical correction.

A new paragraph has been added to the definition section by the final rulemaking. This paragraph defines the term "oil". The decision to add this term was based on the fact that its addition clarifies the final rulemaking, making it easier to understand.

*Section 3141.0-8 Effect of existing regulations*

Several comments were received on this section of the proposed rulemaking which recommend additions to the language of paragraph (a) to specifically identify those provisions of 43 CFR Part 3100 that are applicable to the provisions on competitive combined hydrocarbon leases. In the alternative, the comments suggested that additional sections be added to the final rulemaking to specifically provide the detailed procedures to be used in issuing combined hydrocarbon leases. After careful consideration of this issue, the final rulemaking amends paragraph (a) to provide a detailed listing of those sections of part 3100 that are applicable to combined hydrocarbon leasing. When the proposed rulemaking revising 43 CFR Group 3100 is finalized, any needed changes will be made to this section.

One comment on paragraph (b) of the proposed rulemaking objected to the inclusion of the provision concerning diligent development because the Combined Hydrocarbon Leasing Act, in the comment's view, does not impose a requirement for diligent development on leases issued under its provisions. The point raised in the comment was well taken and paragraph (b) has been amended to state that the provisions of 30 CFR Part 231 apply to the development and approval of plans of operations on combined hydrocarbon leases issued under this subpart. This includes the requirement that prior to commencement of operations, the successful lessee shall either develop a plan of operations as provided in 30 CFR 231.10 or file an application for a permit to drill as provided in 30 CFR Part 221. Since the requirements for a plan of operations provided in 30 CFR 231.10 presently contain no requirement to demonstrate diligence, this requirement has been removed by the final rulemaking. In addition, the 10-year primary term for a combined hydrocarbon lease appears sufficient incentive for diligent development of tar sand under a combined hydrocarbon lease. However, the Department of the

Interior expects its lessees to conduct all development activities in a manner consistent with the prudent operator standard of diligent development. In addition, the final rulemaking amends paragraph (b) for clarity.

*Section 3141.1 General*

A comment was received concerning applications for a lease or permit filed under 43 CFR Part 2920. The comment suggested that the term of any lease issued in association with a combined hydrocarbon lease run for a period at least as long as that of the combined hydrocarbon lease. Section 2920.9-3(a) provides various methods by which a lease or permit will terminate and governs the term of such leases or permits. This provision gives an authorized officer all the authority needed to set the term of an associated lease or permit and no change has been made in this portion of the proposed rulemaking by the final rulemaking.

Paragraph (a) of this section has been revised by the final rulemaking to clarify its intent. Another change made by the final rulemaking in this section and other sections of the proposed rulemaking, is to remove the reference to the Utah State Office of the Bureau of Land Management in order to follow the existing procedure of referring to the proper BLM office. Once the revised regulations for 43 CFR Group 3100 are finalized, the term "proper BLM office" defined in that revision will apply to this subpart.

*Section 3141.2-2 Exploration licenses*

The purpose of this section of the proposed rulemaking is to establish procedures which would allow an individual to conduct core drilling and other exploration activities within Special Tar Sand Areas only for tar sand resources by obtaining an exploration license. All applications for an exploration license would be processed in accordance with the procedures outlined in this section. Language has been added to the final rulemaking to make it clear that its provisions are only applicable to those lands where the surface is under the jurisdiction of the Bureau of Land Management.

Another comment recommended that the final rulemaking allow for the issuance of exploration licenses on areas outside a designated Special Tar Sand Area. Exploration licenses are issued under the authority granted the Secretary of the Interior to manage the public lands and their resources by various statutes. This authority is not limited to Special Tar Sand Areas.

Therefore, this section of the final rulemaking has been amended to allow the issuance of exploration licenses for tar sand for areas adjacent to Special Tar Sand Areas. This amendment will allow greater administrative efficiency in the issuance of exploration licenses for tar sand. However, it should be noted that the Combined Hydrocarbon Leasing Act limits the authority of the Secretary of the Interior to issue combined hydrocarbon leases to designated Special Tar Sand Areas.

Paragraph (b)(5) has been amended by the final rulemaking to require the applicant to justify the granting of an exploration license for an area in excess of 5,120 acres. This amendment clarifies the intent of this paragraph of the proposed rulemaking.

Paragraph (c) of the proposed rulemaking required an applicant for an exploration license to permit an opportunity for participation by others in the exploration activity on a pro rata cost share basis. This requirement was objected to by several comments. After careful consideration of the comments and the purpose of the paragraph, the final rulemaking has been amended to give the authorized officer discretionary authority to require an applicant to provide an opportunity for participation in exploration activity under an exploration license.

A comment on paragraph (e)(2) of the proposed rulemaking questioned the \$2 per acre per year fee required by the proposed rulemaking and recommended that it be reduced or eliminated. After careful consideration of the comment and its implications, the \$2 per acre per year rental has been retained by the final rulemaking because it represents an adequate return to the taxpayers for the activities covered by the rulemaking.

Paragraph (e)(4) of the proposed rulemaking has been amended by the final rulemaking to clarify the intent of the proposed rulemaking that information will be supplied by an exploration licensee only upon the request of the Bureau of Land Management. Another change made to this paragraph by the final rulemaking was in response to several comments concerning the period of time that proprietary data would be treated as confidential. The comments expressed the view that the 3-year limit provided by the proposed rulemaking was too short and might compromise the competitive position of licensees. The change made by the final rulemaking provides the Bureau of Land Management with discretion to release the data when it determines that public access to the data will not damage the competitive position of the licensee.

Paragraph (e)(8) of the proposed rulemaking has been revised by the final rulemaking to clarify its requirements. A careful analysis of the paragraph indicated that its provisions were confusing and needed clarification.

#### *Section 3141.4-2 Consultation With Others*

One comment was received on this section of the proposed rulemaking. The comment raised questions about the language of the consultation process and recommended that it be expanded and clarified, with special emphasis on the limitations on the issuance of combined hydrocarbon leases in units of the National Park System. The final rulemaking revises the section, dividing it into two paragraphs and expanding its scope.

In addition, to further the Department of the Interior's policy of consultation with the affected State government, this section is revised to state more clearly that the Secretary of the Interior will solicit detailed recommendations from the Governor of the affected State concerning which tracts to lease. Language has also been added to this section to provide for sending written notice to the Governor of the affected State concerning acceptance or rejection of his/her recommendation regarding lease sales. Provision has also been made for publication of his/her decision in the **Federal Register** in addition to the written notification.

#### *Section 3141.5-1 Economic Evaluation*

Two changes have been made in this section by the final rulemaking. The first change is a clarification that makes it clear that the authorized officer will request an economic evaluation on each proposed lease tract prior to a lease sale. A second change made by the final rulemaking is moving the minimum bid requirement to the section on conduct of sale, where it more appropriately belongs.

#### *Section 3141.5-3 Royalties and Rentals*

This section of the proposed rulemaking, which received several comments, establishes the royalty rate for combined hydrocarbon leases. It is recognized that some methods of extraction will result in the value of the product produced from tar sand differing from that produced from more traditional sources. In accordance with section 7 of the Combined Hydrocarbon Leasing Act, this section allows the Secretary of the Interior, at the request of the lessee, to review and reduce the lease royalty rate prior to the commencement of commercial operations, with the intent of promoting

development and maximizing production of the resource by requiring enhanced recovery methods. The final rulemaking amends the proposed rulemaking to provide that the Bureau of Land Management will establish the procedures for implementing the pre-production royalty rate reduction.

One of the principal issues raised in the comments on royalty reduction was a request that the potential lessees be assured that a reduction would be granted upon a reasonable request. The final rulemaking makes no change on this point. However, the Secretary of the Interior will be responsive in carrying out the provisions of the Combined Hydrocarbon Leasing Act and will use the discretion granted by that Act to promote development and maximize production of the tar sand resource. It would be inappropriate to limit the Secretary's discretionary authority by having the final rulemaking require the granting of a royalty rate reduction upon request, as some comments suggested.

In addition, several comments were received on this section of the proposed rulemaking which dealt with the procedure that would be used for establishing the basic royalty rate for tar sands. Specific questions were raised on what the royalty would be computed upon, and where in the processing procedure the royalty would be assessed. As noted in the comments, these issues are beyond the purview of this rulemaking. The Bureau of Land Management is presently developing procedures for addressing these issues. No change has been made on this point by the final rulemaking.

#### *Section 3141.6-2 Publication of Notice of Competitive Lease Offering*

In addition to some editorial changes that have been made by the final rulemaking for clarity, this section has been amended to require that the notice of competitive lease offering contain a notice of the amount of the minimum bid.

#### *Section 3141.6-3 Conduct of Sales*

Several comments were received that questioned whether sealed bidding followed by oral bidding provided by the proposed rulemaking would in fact encourage competition in the leasing process. In response to these comments and in keeping with Department of the Interior policy, this section has been changed by the final rulemaking to remove all mention of oral bidding.

As indicated earlier in this preamble, the final rulemaking moves the minimum bid requirement to this section, where it more appropriately belongs.

**Section 3141.6-4 Qualifications**

This section of the proposed rulemaking has been clarified by the final rulemaking to require that the bid statement must be signed by the bidder. The proposed rulemaking was not clear as to who was required to sign the bid statement.

**Section 3141.6-5 Fair Market Value**

In keeping with current Department of the Interior policies, the final rulemaking has a new section 3141.6-5 requiring a post-sale evaluation by the Bureau of Land Management to determine if the bids do in fact reflect fair market value of each tract offered through the competitive leasing program. This evaluation will assure the public that they have received fair market value for the use of the resources.

**Miscellaneous**

One comment was made regarding the Windfall Profit Taxes. Windfall Profit Taxes are outside the scope of this rulemaking and no action can be taken on the comment.

Editorial and grammatical changes, as needed, have been made.

The primary authors of this final rulemaking are Richard J. Aiken and Edward E. Coggs, Division of Coal, Tar Sands and Oil Shale, Bureau of Land Management, Bob Randolph and Orvall Hadley, Utah State Office, Bureau of Land Management, assisted by William Murray, Division of Energy and Resources, Office of the Solicitor, Department of the Interior and the staff of the Office of Legislation and Regulatory Management, Bureau of Land Management.

The Department of the Interior has determined that this document is not a major rule under Executive Order 12291 and that it will not have a significant economic effect on a substantial number of small entities under the Regulatory Flexibility Act (5 U.S.C. 601 et seq.).

This rulemaking is not expected to have an impact of \$100 million annually on the economy since 70-80 percent of the resource available in the Special Tar Sand Areas is available for noncompetitive leasing under the conversion section of the Combined Hydrocarbon Leasing Act. The demand for competitively leased tar sand is expected to be limited to holders of converted combined hydrocarbon leases who will be seeking to round out their holdings. The cost of oil and gas development under this rulemaking will not differ significantly from that incurred under the oil and gas leasing regulations in Group 3100, although the cost of tar sand development will be

higher than under the conversion regulations.

As pointed out in the preamble to the proposed rulemaking, the leasing provisions provided in this rulemaking are available to all entities wishing to avail themselves of the opportunity to lease combined hydrocarbon resources, regardless of the size of the entity. The final rulemaking follows the guidance set out in the Combined Hydrocarbon Leasing Act and is designed to provide an equitable process for leasing and development of combined hydrocarbon resources.

The information collection requirements contained in 43 CFR Subpart 3141 do not require approval by the Office of Management and Budget under 44 U.S.C. 3501 et seq. because there are fewer than ten respondents annually.

**List of Subjects in 43 CFR Part 3140**

Administrative practice and procedure, Environmental protection, Mineral royalties, Oil and gas reserves, Public lands—mineral resources.

Under the authority of the Combined Hydrocarbon Leasing Act of 1981 (95 Stat. 1070), the Mineral Leasing Act of 1920, as amended and supplemented (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands, as amended (30 U.S.C. 351-359 et seq.) and the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.), Part 3140, Group 3100, Subchapter C, Chapter II of the Code of Federal Regulations is amended by adding a new Subpart 3141 as follows.

**Garrey E. Carruthers,**  
*Secretary of the Interior.*  
January 18, 1983.

**Subpart 3141—Competitive Leasing in Special Tar Sand Areas**

**Note.**—The information collection requirements contained in 43 CFR Subpart 3141 do not require approval by the Office of Management and Budget under 44 U.S.C. 3501 et seq. because there are fewer than 10 respondents annually.

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Authority: 30 U.S.C. 181 et seq., 351 et seq., 43 U.S.C. 1701 et seq., 95 Stat. 1070.

**Subpart 3141—Competitive Leasing in Special Tar Sand Areas****§ 3141.0-1 Purpose.**

The purpose of this subpart is to provide for the competitive leasing of lands and issuance of Combined Hydrocarbon Leases within Special Tar Sand Areas.

**§ 3141.0-3 Authority.**

These regulations are issued under the authority of the Mineral Leasing Act of February 25, 1920 (30 U.S.C. 181 et seq.), the Mineral Leasing Act for Acquired Lands (30 U.S.C. 351 et seq.), the Federal Land Policy and Management Act of 1976 (43 U.S.C. 1701 et seq.), and the Combined Hydrocarbon Leasing Act of 1981 (95 Stat. 1070).

**§ 3141.0-5 Definitions.**

As used in this subpart, the term:

(a) "Combined hydrocarbon lease" means a lease issued in a Special Tar Sand Area for the removal of any gas and nongaseous hydrocarbon substance other than coal, oil shale or gilsonite.

(b) "Special Tar Sand Area" means an area designated by the Department of the Interior's Orders of November 20, 1980 (45 FR 76800), and January 21, 1981 (46 FR 6077), and referred to in those orders as Designated Tar Sand Areas, as containing substantial deposits of tar and sand.

(c) "Tar sand" means any consolidated or unconsolidated rock (other than coal, oil shale or gilsonite) that either: (1) contains a hydrocarbonaceous material with a gas-free viscosity, at original reservoir temperature greater than 10,000 centipoise, or (2) contains a hydrocarbonaceous material and is produced by mining or quarrying.

(d) "Oil" means all nongaseous hydrocarbon substances other than those substances leasable as coal, oil shale or gilsonite (including all vein-type solid hydrocarbons).

**§ 3141.0-8 Effect of existing regulations.**

(a) The following provisions of part 3100 of this title, as they relate to competitive leasing, apply to the issuance and administration of combined hydrocarbon leases issued under this part.

(1) All of subpart 3100, with the exception of §§ 3100.5-2 and 3100.6-2;

(2) None of subpart 3101, except that §§ 3101.1-1, 3101.2-1, 3101.2-2 and 3101.4-5 do apply;

(3) All of subpart 3102;

(4) All of subpart 3103, with the exception of §§ 3103.3-1, those portions of 3103.3-2 dealing with noncompetitive leases, and 3103.3-4(a);

(5) All of subpart 3104;

(6) All of subpart 3105, with the exception of § 3105.1-4;

(7) All of subpart 3106, with the exception of § 3106.3-4;

(8) All of subpart 3107, with the exception of § 3107.7;

(9) All of subpart 3108; and

(10) All of subpart 3109, with special emphasis on § 3109.5-2(e).

(b) Prior to commencement of operations, the lessee shall develop either a plan of operations as described in 30 CFR 231.10 which ensures reasonable protection of the environment or file an application for a permit to drill as described in 30 CFR Part 221, whichever is appropriate.

(c) The provisions of 30 CFR Part 228 shall serve as general guidance to the administration of combined hydrocarbon leases issued under this subpart to the extent they may be included in unit or cooperative agreements.

**§ 3141.1 General.**

(a) All oil and gas within a Special Tar Sand Area shall be leased only by competitive bonus bidding and only combined hydrocarbon leases shall be issued for oil and gas within such areas.

(b) The acreage of combined hydrocarbon leases held within a Special Tar Sand Area shall not be charged against acreage limitations for the holding of oil and gas leases.

(c)(1) The authorized officer may noncompetitively lease additional lands for ancillary facilities in a Special Tar Sand Area that are shown by an applicant to be needed to support any operations necessary for the recovery of tar sand. Such uses include, but are not limited to, mill siting or waste disposal. An application for a lease or permit to use additional lands shall be filed under the provisions of part 2920 of this title with the proper BLM office having jurisdiction of the lands. The application for additional lands may be filed at the time a plan of operations is filed.

(2) A lease for the use of additional lands shall not be issued under this part when the use can be authorized under part 2800 of this title. Such uses include, but are not limited to, reservoirs, pipelines, electrical generation systems, transmission lines, roads and railroads.

(3) Within units of the National Park System, permits or leases for additional lands for any purpose shall be issued only by the National Park Service. Applications for such permits or leases shall be filed with the Regional Director of the National Park Service.

**§ 3141.2 Prelease exploration within Special Tar Sand Areas.****§ 3141.2-1 Geophysical exploration.**

Geophysical exploration in Special Tar Sand Areas shall be governed by subpart 3045 of this title. Information obtained under a permit shall be made available to the Bureau of Land Management upon request.

**§ 3141.2-2 Exploration licenses.**

(a) Any person(s) qualified to hold a lease under the provisions of subpart 3102 of this title and this subpart may obtain an exploration license to conduct core drilling and other exploration activities to collect geologic, environmental and other data concerning tar sand resources only on lands, the surface of which are under the jurisdiction of the Bureau of Land Management, within or adjacent to a Special Tar Sand Area. The application for such a license shall be submitted to the proper BLM office having jurisdiction of the lands. No drilling for oil or gas will be allowed under an exploration license issued under this subpart. No specific form is required for an application for an exploration license.

(b) The application for an exploration license shall be subject to the following requirements:

(1) Each application shall contain the name and address of the applicant(s);

(2) Each application shall be accompanied by a nonrefundable filing fee of \$250.00;

(3) Each application shall contain a description of the lands covered by the application according to section, township and range in accordance with the official survey;

(4) Each application shall include 3 copies of an exploration plan which complies with the requirements of 30 CFR 231.10(a); and

(5) An application shall cover no more than 5,120 acres, which shall be as nearly compact as possible. The authorized officer may grant an exploration license covering more than 5,120 acres only if the application

contains a justification for an exception to the normal limitation.

(c) The authorized officer may, if he/she determines it necessary to avoid impacts resulting from duplication of exploration activities, require applicants for exploration licenses to provide an opportunity for other parties to participate in exploration under the license on a pro rata cost sharing basis. If joint participation is determined necessary, it shall be conducted according to the following:

(1) Immediately upon the notification of a determination that parties shall be given an opportunity to participate in the exploration license, the applicant shall publish a "Notice of Invitation," approved by the authorized officer, once every week for 2 consecutive weeks in at least 1 newspaper of general circulation in the area where the lands covered by the exploration license are situated. This notice shall contain an invitation to the public to participate in the exploration license on a pro rata cost sharing basis. Copies of the "Notice of Invitation" shall be filed with the authorized officer at the time of publication by the applicant for posting in the proper BLM office having jurisdiction over the lands covered by the application for at least 30 days prior to the issuance of the exploration license.

(2) Any person seeking to participate in the exploration program described in the Notice of Invitation shall notify the authorized officer and the applicant in writing of such intention within 30 days after posting in the proper BLM office having jurisdiction over the lands covered by the Notice of Invitation. The authorized officer may require modification of the original exploration plan to accommodate the legitimate exploration needs of the person(s) seeking to participate and to avoid the duplication of exploration activities in the same area, or that the person(s) should file a separate application for an exploration license.

(3) An application to conduct exploration which could have been conducted under an existing or recent exploration license issued under this paragraph may be rejected.

(d) The authorized officer may accept or reject an exploration license application. An exploration license shall become effective on the date specified by the authorized officer as the date when exploration activities may begin. The exploration plan approved by the Bureau of Land Management shall be attached and made a part of each exploration license.

(e) An exploration license shall be subject to these terms and conditions:

(1) The license shall be for a term of not more than 2 years;

(2) The rental shall be \$2 per acre per year payable in advance;

(3) The licensee shall provide a bond in an amount determined by the authorized officer after consultation with the Mining Supervisor, but not less than \$5,000. The authorized officer may accept bonds furnished under subpart 3104 of this title, if adequate. The period of liability under the bond shall be terminated only after the authorized officer determines that the terms and conditions of the license, the exploration plan and the regulations have been met;

(4) The licensee shall provide to the Bureau of Land Management upon request all required information obtained under the license. Any information provided shall be treated as confidential and proprietary, if appropriate, at the request of the licensee, and shall not be made public until the areas involved have been leased or only if the Bureau of Land Management determines that public access to the data will not damage the competitive position of the licensee.

(5) Operations conducted under a license shall not unreasonably interfere with or endanger any other lawful activity on the same lands, shall not damage any improvements on the lands, and shall not result in any substantial disturbance to the surface of the lands and their resources;

(6) The authorized officer shall include in each license requirements and stipulations to protect the environment and associated natural resources, and to ensure reclamation of the land disturbed by exploration operations;

(7) When unforeseen conditions are encountered that could result in an action prohibited by subparagraph (5) of this section, or when warranted by geologic or other physical conditions, the authorized officer may adjust the terms and conditions of the exploration license, may direct adjustment in the exploration plan;

(8) The licensee may submit a request for modification of the exploration plan to the authorized officer. Any modification shall be subject to the regulations in this section and the terms and conditions of the license. The authorized officer may approve the modification after any necessary adjustments to the terms and conditions of the license that are accepted in writing by the licensee; and

(9) The license shall be subject to termination or suspension as provided in § 2920.9-3 of this title.

#### § 3141.3 Land use plans.

No lease shall be issued under this subpart unless the lands have been included in a land use plan which meets the requirements under Part 1600 of this title or an approved Minerals Management Plan of the National Park Service. The decision to hold a lease sale and issue leases shall be in conformance with the appropriate plan.

#### § 3141.4 Consultation.

##### § 3141.4-1 Consultation with the Governor.

The Secretary shall consult with the Governor of the State in which any tract proposed for sale is located. The Secretary shall give the Governor 30 days to comment before determining whether to conduct a lease sale. The Secretary shall seek the recommendations of the Governor of the State in which the lands proposed for lease are located as to whether or not to lease such lands and what alternative actions are available and what special conditions could be added to the proposed lease(s) to mitigate impacts. The Secretary shall accept the recommendations of the Governor if he/she determines that they provide for a reasonable balance between the national interest and the State's interest. The Secretary shall communicate to the Governor in writing and publish in the *Federal Register* the reasons for his/her determination to accept or reject such Governor's recommendations.

##### § 3141.4-2 Consultation with others.

(a) Where the surface is administered by an agency other than the Bureau of Land Management, including lands patented or leased under the provisions of the Recreation and Public Purposes Act, as amended (43 U.S.C. 869 et seq.), all leasing under this subpart shall be in accordance with the consultation requirements of subpart 3100 of this title.

(b) The issuance of combined hydrocarbon leases within units of the National Park System shall be allowed only where mineral leasing is permitted by law and where the lands are open to mineral resource disposition in accordance with any applicable Minerals Management Plan. In order to consent to any issuance of a combined hydrocarbon lease or subsequent development of combined hydrocarbon resources within a unit of National Park System, the Regional Director of the National Park Service shall find that there will be no resulting significant adverse impacts to the resources and administration of the unit or other contiguous units of the National Park

System in accordance with § 3109.5-2(e) of this title.

#### § 3141.5 Leasing procedures.

##### § 3141.5-1 Economic evaluation.

Prior to any lease sale, the authorized officer shall request an economic evaluation of the total hydrocarbon resource on each proposed lease tract exclusive of coal, oil shale or gilsonite.

##### § 3141.5-2 Term of lease.

Combined hydrocarbon leases shall have a primary term of 10 years and shall remain in effect so long thereafter as oil or gas is produced in paying quantities.

##### § 3141.5-3 Royalties and rentals.

(a) The royalty rate on all combined hydrocarbon leases in 12½ percent of the value of production removed or sold from a lease. The Minerals Management Service shall be responsible for assessing the administering royalties.

(b) The lessee may request the Secretary to reduce the royalty rate applicable to tar sand prior to commencement of commercial operations in order to promote development and maximum production of the tar sand resource in accordance with procedures established by the Bureau of Land Management and may request a reduction in the royalty after commencement of commercial operations in accordance with § 3103.3-7 of this title.

(c) The rental rate for a combined hydrocarbon lease shall be \$2 per acre per year, and shall be payable annually in advance.

(d) Except as explained in paragraphs (a), (b), and (c) of this section, all other provisions of subpart 3103.3 of this title apply to combined hydrocarbon leasing.

##### § 3141.5-4 Lease size.

Combined hydrocarbon leases shall not exceed 5,120 acres.

##### § 3141.5-5 Dating of lease.

A combined hydrocarbon lease shall be effective as of the first day of the month following the date the lease is signed on behalf of the United States, except that where prior written request is made, a lease may be made effective on the first of the month in which the lease is signed.

#### § 3141.6 Sale procedures.

##### § 3141.6-1 Initiation of competitive lease offering.

The Bureau of Land Management may, on its own motion, offer lands through competitive bidding. A request or expression(s) of interest in tract(s) for